GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:318
ANSWERED ON:08.08.2017
Domestic Production of Fertilizers
Vellaigounder Shri Elumalai

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS & FERTILIZERS be pleased to state:-

(a) whether the overall domestic output/ production of fertilizers has risen in the country during the last three years and if so, the details thereof;

(b) whether import of fertilizer has also declined during the said period and if so, the details thereof;

(c) whether the Government has introduced reforms from time to time to expedite the pace of production of fertilizers in the country and if so, the details thereof; and

(d) whether the Government has given any incentive for increasing production of fertilizers in the country and if so, the details thereof?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND PARLIAMENTRY AFFAIRS

(SHRI ANANTH KUMAR)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) to (d) OF THE LOK SABHA STARRED QUESTION NO. 318* FOR REPLY ON 08.08.2017 REGARDING DOMESTIC PRODUTION OF FERTILIZERS.

(a) : Yes Madam, The overall domestic output/ production of fertilizers has risen in the country during the last three years, these are given below :-

(Figure in 'LMT')

Year Production

2014-15 385.39

2015-16 413.14

2016-17 413.99

(b) : Urea is the only fertilizer under statutory price control and its import is restricted and permitted through State Trading Enterprises (STEs), namely Metals and Mineral Trading Corporation of India (MMTC), State Trading Corporation Limited (STC) and Indian Potash Limited (IPL), under the Foreign Trade Policy of the Government. Urea for direct agricultural use is imported on Government account to bridge the gap between assessed demand and indigenous production . Government is also importing approximately 20 lakh Metric Tonnes urea from Oman India Fertilizer Company (OMIFCO) under Long Term Urea Off Take Agreement (UOTA) between GOI & OIMIFCO.

Import of fertilizers (other than Urea) is free, commonly known as Open General License (OGL). Various companies import these fertilizers as per their commercial judgement. Muriate of Potash (MOP) is the only fertilizer, demand for which is fully met through imports as there are no viable sources of MOP in the country. The production and import of fertilizers in comparison to last three years is as below:

<Figures in LMT>
Year Urea DAP NPK MOP#
Import Prod. Import Prod. Import Prod. Import
2014-15 87.49 225.85 38.53 34.44 2.91 78.32 41.97

2015-16 84.74 244.75 60.08 37.87 6.29 83.01 32.43
2016-17 54.81 242.01 43.85 43.65 5.21 79.49 37.36
MOP includes industrial and agriculture uses.

(c) : Yes, Madam. The Government of India has notified the New Urea Policy (NUP)-2015 on 25th May, 2015 for existing 25 gas based urea units with the objectives of maximizing indigenous urea production; promoting energy efficiency in urea production; and rationalizing subsidy burden on the government. NUP-2015 has led to additional production of approximately 20 LMT as compared to 2014-15, from the existing gas based urea plants and the total production of urea during the year 2015-16 was 244.75 LMT, i.e. the highest ever urea production in the country. The indigenous urea production for 2016-17 was 242.01 LMT.

The Government has notified New Investment Policy-2012 on 2nd January, 2013 and its amendment on 7th October 2014 to facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector. Based on NIP-2012, any interested company can establish urea plants in the country. At present, Department of Fertilizers has 2 active proposals, i.e. Matix Fertilizers & Chemicals Limited ((Greenfield project at Panagarh, West Bengal) and Chambal Fertilizers & Chemicals Limited (Brownfield project at Gadepan, Rajasthan) for setting up of urea projects.

P&K Fertilizers are decontrolled, the Department of Fertilizers does not interfere directly in the production affairs of the P&K fertilizers companies in the country.
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(d) : Yes, Madam. As per para 5 of the New Urea Policy -2015 dated, 2015, for production of urea beyond RAC, the units are entitled for their respective variable cost and a uniform per MT incentive equal to the lowest of the per MT fixed costs of all the indigenous urea units subject to import parity price plus weighted average of other incidental charges which the government incurs on the imported urea. A further amendment was incorporated for production of urea beyond RAC during 2016-17 such that units were entitled for their respective variable cost and a uniform per MT incentive equal to the lowest of the per MT fixed cost of all indigenous urea units subject to sum of import parity price, other incidental changes which the Government incurs in the import of urea and weighted average of Central Government levies of urea paid by the urea manufacturing units.

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